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set for the production of a service, the cost of which can not be known at the time the sale is made. Experience and classification will be of great service in devising proper fire insurance rates, but no such system has yet been suggested which is free from arbitrary and judgment considerations. The classification itself is arbitrary; likewise, the grades of occupancy, the classification of cities and other parts of the several systems of experience grading which have been recently proposed.

One of the several examples of illogical arrangement which may be noted is in chapter 11 where Building Material is included with Agency Management. Chapter 8 is a discussion of Fire Prevention and chapter 6 of Fire Hazard. Either chapter would seem to be a more logical place to discuss building material. Chapters 10 and 11, devoted respectively to discussion of Fire Insurance Accounting and Examination of a Fire Insurance Company, are interesting and valuable chapters, although they contain some questionably relevant material; as, for example, a discussion of the operation and evils of private detective agencies (pp. 226-231). If the author had expanded these two chapters to cover the material in the other nine chapters, his book would have been more of a contribution to the literature of insurance; for there is need of a book on the examination of fire insurance companies as a companion volume to Wolfe's *Examination of Life Insurance Companies*.

No index is provided; and this in a book lacking unity, and almost wholly descriptive in character, becomes a more than ordinarily serious defect.

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*Health Insurance. Its Relation to the Public Health.* By B. S. WARREN and EDGAR SYDENSTRICKER. Public Health Bulletin No. 76. (Washington: United States Public Health Service. 1916. Pp. 76.)

In the history of the health insurance movement in this country this little pamphlet has played a historic role, the importance of which can not be overestimated. The studies upon which it is based were begun under the auspices of the United States Commission on Industrial Relations, and thus there is attached to them the weight of double government authority, for both the Commission on Industrial Relations in its majority report and

the United States Public Health Service in many statements have gone on record in favor of compulsory health insurance. The fact that the chief of that important influential and popular branch of the national government at the time of the appearance of this study happened also to be the president of the American Medical Association, and soon after, in his presidential address before the annual convention of the association in June of the current year, advocated compulsory health insurance, further emphasizes the numerous branches of the useful work the study had already accomplished.

Because of this official standing, and also perhaps because of the opportunities for wide and free distribution which are available to government documents, the study of Dr. Warren and Mr. Sydenstricker has already succeeded in doing a very great amount of publicity work. It was the most quoted and perhaps the most widely read of all the propaganda publications on health insurance which appeared during the last year.

Before the detailed questions of ways and means are approached, a hearing for the general idea of a proposed reform must be obtained. The pamphlet is not so much a study of health insurance as an existing institution in its effects upon public health, as an argument for health insurance with reference to the public health problems which are largely incidental.

This appears very clearly from the table of contents. After a brief reference to some general estimates as to the prevalence and cost of sickness among wage-workers (estimates which unfortunately have been given too great a publicity by proselytes and have opened a line of attack to opponents), the authors discuss the conditions causing sickness among wage-workers, such as occupational diseases, irregularity of employment, unhealthful conditions of living, economic status of wage-workers, etc., and thus the general thesis of a relationship between poverty and disease is established.

Following this, the responsibilities for conditions causing disease are taken up, with the obvious purpose of establishing a division of responsibility between employer, employee, and the state, as a basis for a division of costs in accordance with the British practice and the standards of the American Association for Labor Legislation. This is the largest part of the study. The final section (pp. 53-68) entitled, "Health insurance: a health measure," contains a brief outline of a health insurance scheme.

On the whole, the study is less satisfactory in its outline of constructive proposals. The "Standards of Health Insurance," recommended by the Social Insurance Committee of the American Association for Labor Legislation early in 1915 and reproduced in Appendix III (p. 77) have been followed rather faithfully, but the comments upon them are rather hazy and nebulous, and this is somewhat disappointing especially when dealing with the problem of organization of medical aid, the problem which calls for most particular inquiries both from physicians and laymen. Some suggestions are of a decidedly doubtful character, as, for instance, the suggestion for a uniform \$7 a week cash benefit (p. 56) or the approval of the British Panel system with a uniform capitation charge (p. 60) because "the payment of the physicians, regardless of whether their patients are sick or well should offer every incentive to physicians to keep their patients well." One is tempted to raise the question why a form of payment which is "regardless of," etc., should have this effect any more than the direct opposite of total indifference to the results of one's labor. Occasional statements of doubtful accuracy are found, such as the following:

The British National Insurance Act does not provide a funeral or death benefit, and the omission of this important provision resulted in the selling of death benefit policies at exorbitant rates by commercial insurance companies, which under the act had organized "approved societies" among their own policyholders.

Of course it was not the omission of the funeral benefit which has resulted in the selling of death benefits (life insurance) policies, but rather the causal connection was reversed, the influence of industrial life insurance companies in Great Britain being sufficiently great to prevent the inclusion of funeral benefits into the act. It does not appear how the organization by these companies of approved societies among their own *policyholders* could have increased their life insurance business. Of course the membership of these societies, is not at all limited to the policyholders. Furthermore, it is not scientifically accurate to speak of "exorbitant rates." It is not that the rates are improperly computed, taking the existing conditions of insurance into consideration, but that the existing conditions are bad and socially wasteful, that gives the basis for any criticisms against industrial life insurance.

The reviewer may be forgiven for taking advantage of this opportunity to point out a statistical error which occurs in con-

nection with the study of the real wages. In quoting the "index of real wages," 1900-1912, as constructed by me<sup>1</sup>, the authors state: "Thus the tendency towards exaggeration of the upward trend of wages is evident, since a large number of purely skilled trades are included and many of the most extensive unskilled and poorly paid industries are omitted" (p. 5, note).

This is a common statistical misunderstanding. It is evidently assumed that the wages of skilled trades have increased more rapidly during the twelve years than the wages of unskilled labor. Without statistical evidence such an assumption is unjustified. The writers were possibly misled by the subconscious suggestion that "higher wages" are the same as "wages getting higher."

From the point of view of constructive legislation the most valuable suggestions of the authors are those which aim towards some plan of close coöperation between the new insurance carriers to be created and the existing public health agencies, which have shown such splendid development not only in the federal government but also in several states. In such coöperation may be found a new and powerful lever for raising the general standards of public health.

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#### NEW BOOKS

BARRÈRE, B. *L'assurance sur la vie, moyen de crédit.* (Paris: Fontemoing. 1916. Pp. 102. 2.50 fr.)

BREARLEY, H. C. *Fifty years of civilizing force; an historical and a critical study of the work of the National Board of Fire Underwriters.* (New York: Stokes. 1916. Pp. 340. \$2.50.)

BROOKS, C. E. *Life insurance for professors. A study of the problem of protection for the families of salaried men.* (Berkeley: University of California Press. 1916. Pp. 30. 25c.)

This reprint of pages 83-113 of volume 4, number 2, of the *University of California Publications in Economics* is of particular interest in connection with the so-called Confidential Report of the Carnegie Foundation relative to their plan for changing from a pension to an insurance-investment basis. So serious is the question of insurance, investment, and pension for the college professor that this work by Brooks should have widespread and careful consideration. The author distinguishes sharply between insurance and investment, and this distinction should be made much more thoroughly than it is by the Carnegie Foundation. He points out that life in-

<sup>1</sup> AMERICAN ECONOMIC REVIEW, vol. IV (Dec., 1914), pp. 793-817.